



Comparative Highlights

APR 22 1968

	1967	1966 * Restated	1966 ** As Reported
Net sales	\$1,106,049,000	\$875,616,000	\$708,993,000
Net income	\$ 28,602,000	\$ 21,347,000	\$ 18,443,000
<i>Per common share</i>	\$3.95	\$2.95	\$2.90
Cash dividends paid:			
Preferred stock	\$ 885,000	—	—
<i>Per share</i>	\$1.12	—	—
Common stock	\$ 5,023,000	\$ 4,055,000	\$ 4,055,000
<i>Per share</i>	\$.80	\$.80	\$.80
Net working capital	\$ 148,042,000	\$133,828,000	\$122,880,000
Net property, plant and equipment	\$ 78,255,000	\$ 69,518,000	\$ 63,949,000
Stockholders' equity:			
Total	\$ 200,948,000	\$176,645,000	\$161,042,000
<i>Per common share, assuming full conversion of Series A preferred stock</i>	\$26.95	\$23.96	\$24.95
Outstanding shares of common stock (after deducting shares in treasury)	7,061,936	6,976,108	6,057,725
Stockholders of record	25,375	25,145	25,011
Funded backlog of U.S. Government orders	\$ 380,000,000	\$355,000,000	\$355,000,000

Raytheon Company
141 Spring Street, Lexington, Massachusetts 02173
The Annual Meeting of Stockholders will be held on
May 22, 1968 at the Executive Offices of the company,
Lexington, Massachusetts. Notice of the meeting and
proxy material will be sent to stockholders in April.
This Annual Report is submitted for the general
information of the stockholders of Raytheon Company
and is not intended for use in connection with any sale
or purchase of, or as an offer or solicitation of offers
to buy or sell, any securities.

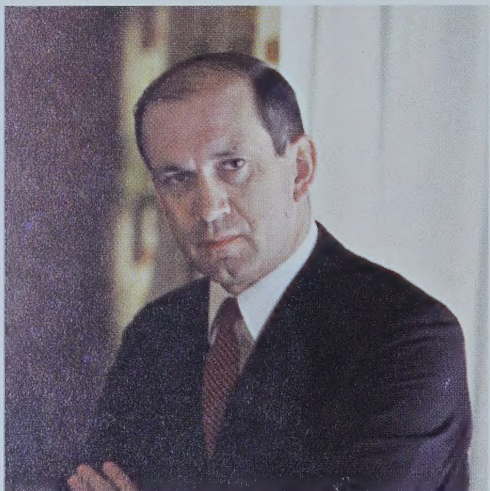
*Restated to include financial statistics of Caloric
Corporation and The Badger Company, Inc., acquired
February 28, 1967 and January 18, 1968 respectively,
accounted for as poolings of interests.

**As published in the 1966 Annual Report.

In connection with the above, reference should be
made to the Financial Review and Financial State-
ments. Amounts above pertain to results for the entire
year or represent year-end balances or statistics.



Charles F. Adams, Chairman



Thomas L. Phillips, President

To Our Stockholders

In our letter to stockholders in the Annual Report a year ago, we expressed confidence that we would reach, and surpass, the growth goals established in 1965 for achievement by the end of 1970.

We are pleased to report that each of the management goals, based upon 1964 year-end results and announced at the 1965 Annual Meeting of Stockholders, was achieved in 1967, three years ahead of schedule.

- It was our stated goal to more than double 1964 sales of \$454 million to reach the \$1 billion mark. Sales in 1967 were \$1.1 billion.
- It was our goal to triple 1964 earnings of \$8.2 million. Earnings in 1967 were \$28.6 million.
- It was our goal to double the 1964 earnings per share of \$1.96. Earnings per share in 1967 were \$3.95.
- It was our goal to achieve a volume of commercial business equal to 1964 government volume of \$375 million. Commercial sales in 1967 were \$500 million.
- It was our goal to achieve overseas sales growth commensurate with domestic growth. Since 1964, overseas sales have increased from \$43.8 million to \$166.2 million, including sales of unconsolidated overseas affiliates.

New Records Set

Commercial volume accounted for 45 per cent of total sales in 1967, compared with 34 per cent a year ago and 17 per cent in 1964. Government volume and commercial volume were each higher in 1967 than were total company sales in 1964. While acquisitions contributed significantly to our sales growth during this period, it is

important to note that 56 per cent of our growth was achieved through internal development, including the expansion of market beachheads originally established through acquisitions.

In the process of surpassing the 1970 goals, new record highs were achieved in 1967 in each of the three basic measures of your company's performance: sales, earnings, and earnings per share. This marked the second consecutive year of record sales and the third consecutive year of record earnings. The earnings record was achieved despite losses incurred by our electronic components subsidiary in Italy.

Government Business

Government business increased substantially during the year; there were three developments of both near-term and long-range significance to the company. The first was the award to Raytheon of the prime contract for the SAM-D Surface-to-Air Missile Development program. Second was the decision of the U.S. Department of Defense to produce and deploy the Sentinel ballistic missile defense system. Third was award of a contract to Raytheon by the Federal Aviation Agency to develop and produce Computer Display Channels for the FAA's new National Air Space program.

During the year, difficult production problems were solved on the infrared-guided Sidewinder air-to-air missile. Raytheon is now the principal producer of the Sidewinder; and we have also received a production contract for the Chaparral missile, surface-to-air version of the Sidewinder. A number of successful flights of the Improved Hawk missile were held during the year.

The backlog of U.S. government business at the end of 1967 was \$380 million compared with approximately \$355 million a year ago.

Commercial Business

The volume of commercial business was increased substantially in 1967 through internal development and expansion and through two important acquisitions.

The Badger Company, Inc., of Cambridge, Massachusetts, was acquired on January 18, 1968. Badger is a leading international company in the design, engineering, and construction of large processing plants for petroleum, chemicals, and petrochemicals.

Badger expands and strengthens your company's position in the field of natural resources exploration and development, a position established in 1966 with the acquisition of Seismograph Service Corporation of Tulsa, Oklahoma. The SSC and Badger roles in exploration and processing, coupled with Raytheon capabilities in communications and education, place your company in a strong position to make important contributions in the broad field of economic development.

Caloric Corporation of Topton, Pennsylvania, manufacturers of gas ranges and other home appliances, was acquired in the first quarter of 1967. Caloric adds significantly to the strong position in major appliance markets provided by Amana Refrigeration, Inc.

During 1967, many new commercial products were introduced to the Raytheon line, ranging from the highest speed integrated circuits to microwave ovens for the home.

In addition to record performances in sales, earnings, and earnings per share, your company substantially improved its asset management during 1967. The company's net worth exceeded \$200 million for the first time and, despite our rapid growth, the debt-equity ratio was significantly improved.

New Goals Established

With a broadening base of both government programs and commercial products and having achieved 1970 goals in 1967, we have now established new and higher management goals for achievement by the end of 1970. These are:

- Instead of doubling, to more than triple 1964 sales to \$1.5 billion.
- Instead of tripling 1964 earnings, to increase them by more than six-fold to \$50 million; and instead of doubling, to triple earnings per share.
- Continue overseas sales growth commensurate with domestic growth.
- Achieve and maintain a roughly 50 - 50 balance between government and commercial sales.

We are confident of continued sales and earnings growth in 1968; and that we will achieve our new and higher management goals by 1970.

Thomas Z. Phillips

President

Charles Adams

February 28, 1968

Chairman of the Board



New Marine Vibroseis® vessel exploring for oil.



Badger-built ethylbenzene plant at Port Arthur, Texas

Growth in Commercial Markets

Commercial sales volume grew substantially during the year and now accounts for 45 per cent of total sales.

The company expanded its role in natural resources and major appliances both through internal development and through two important acquisitions.

Continued growth through internal development was achieved in the company's education, electronic components, communications, and data handling businesses.



Natural Resources

The acquisition of The Badger Company, Inc., announced in October 1967 and completed in January 1968, broadened Raytheon's participation in the field of natural resources exploration and development.

Raytheon entered this growing field in 1966 with the acquisition of Seismograph Service Corporation.

Badger designs, engineers, and constructs petroleum, chemical, and petrochemical processing plants throughout the world. Badger projects have been carried out in more than 20 countries on four continents more than half the company's gross revenues in 1967 were derived from projects outside the United States.

From its world headquarters in Cambridge, Massachusetts, Badger directs the activities of its 2000-man permanent staff located in three other U.S. offices and at major subsidiaries in England, Holland, France, Japan, and five other countries.

While equipped to handle the design and construction of virtually any type of process plant, Badger has developed, on its own and with clients, proprietary processes and special competence in the production of chemical and petroleum products.

These include acrylonitrile (fibers, rubber), ethylbenzene styrene (plastics, rubber), phthalic anhydride (plasticizers), vinyl chloride (plastic sheeting), paraxylene (fibers), and lubricating oils.

Badger is considered the leader in its industry in the commercial application of fluid-bed catalytic reactors.

Seismic Exploration

Seismograph Service Corporation expanded its geophysical business during the year, both in this country and overseas.

Growth in overseas operations was achieved despite the temporary shutdown of exploration crews during the Middle East conflict and because of political unrest in Nigeria.

The new marine seismic exploration vessel *King Tide* was put into experimental operation late in 1967. The vessel is equipped with Raytheon-developed hydroacoustic transducers, the highest power non-dynamite energy source now in use in marine seismic exploration.



Second grade students are introduced to science

The company is expanding its services to geophysical engineering, applying the Vibroseis® system and well logging techniques used in oil exploration.

SSC Vibroseis crews commenced earth profiling studies in Metropolitan Chicago for a proposed Deep Tunnel storm and sewage drainage project.

The Birdwell Division of SSC is applying its oil well logging techniques on the same Chicago project, on a new canal location study in Panama, and for the Atomic Energy Commission in Nevada and the Aleutian Islands.

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of Continental Oil Company

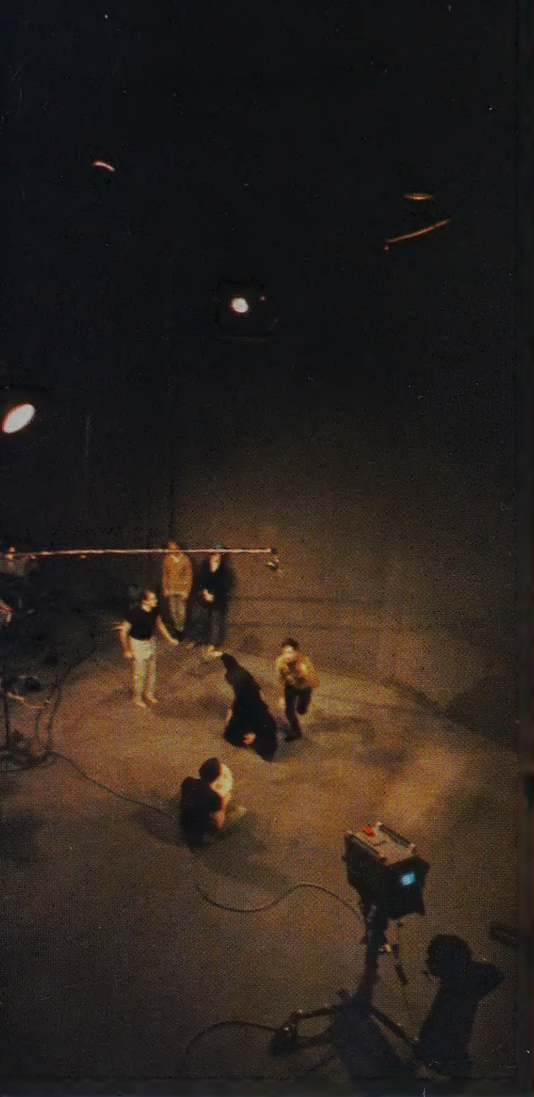
Education

Raytheon Education Company consolidated the managements and operations of D.C. Heath and Company, text book publishers, and Macalaster Scientific Corporation, manufacturers of science learning apparatus.

The consolidation is in keeping with the company's concept of total instructional materials development and key curriculum program management.

The coordinated capabilities of Heath and Macalaster are being applied to the preparation of instructional materials for the new Science Curriculum Improvement Study (SCIS) units.

The SCIS program is designed to introduce grade school children to science through "discovery" projects. After ex-



Closed circuit television studio
at Brandeis University



Driver education system

tensive classroom testing in the five SCIS trial centers, materials for the first level were produced in 1966. Materials for the second level were produced in 1967, and units for students through level three will appear in 1968. The balance of the program will be published at the rate of one level per year.

A number of important new Heath instructional materials were published during the year, ranging from kindergarten to university level.

These include *Patterns and Processes of Science*, for use with science learning apparatus in a junior high school program; *Toward a More Perfect Union*, a documented analysis of the U.S. Constitution; *Critical Issues in History*, a six-volume series for college students; and *Discovering Language*, a four-volume series in linguistics.

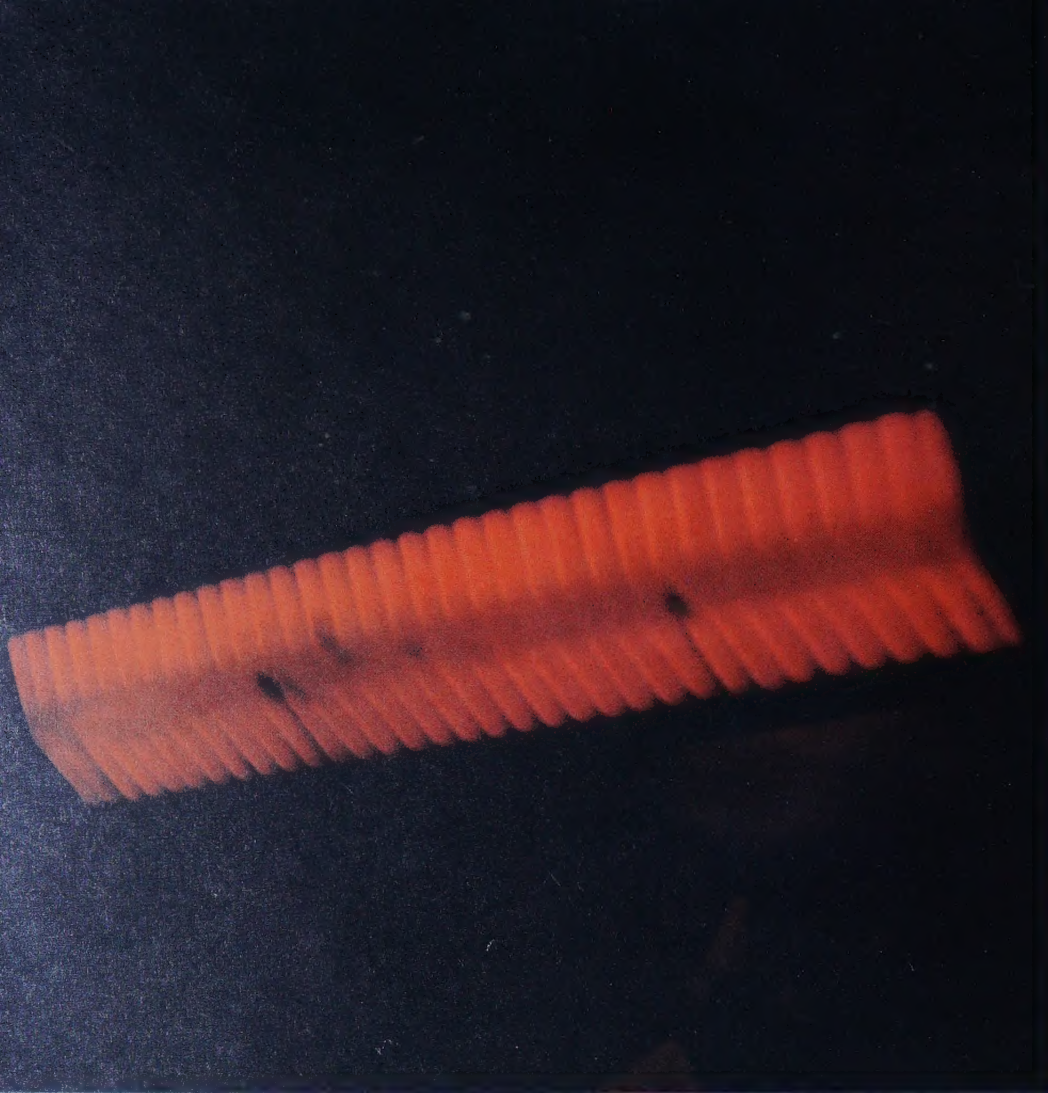
Learning Systems

The company's extensive line of learning systems and equipment is now consolidated in Raytheon Learning Systems Company, a division of Raytheon Education Company. The product line includes language and learning laboratories, learning center systems, closed circuit television, multi-media teaching and student response systems, and driver education systems.

A new driving-simulator car for use in the Aetna Drivotrainer System was introduced during the year and drew a good response from educators and highway safety officials.

The Drivotrainer System, computer-assisted and using solid state electronics, provides realistic, risk-free driver training as students respond to highway and traffic situations shown on a wide screen in full color motion pictures.

The compact design of the simulator car makes possible installation of 16 cars in a fully-equipped trailer van, thus making an important contribution to reductions in the per-student costs of driver education.



Testing Caloric self-cleaning gas oven



Amana Radarange microwave oven for the home

Major Appliances

The introduction of new products by both Amana Refrigeration, Inc., and Caloric Corporation highlighted a year of continued growth in the major appliance field.

Caloric joined Raytheon in the first quarter of 1967 and during the year introduced its new E Series of gas ranges.

The new series, styled to achieve the "look of elegance", features the Ultra-Ray broiler, an infrared generator to improve food taste, a solid state ignition system, stainless steel utensil supports, and a unique, unitized, easy-to-clean top burner.

Consumer response to the E Series is enthusiastic. Production schedules have been accelerated to keep pace with demand.

Caloric will introduce its new self-cleaning gas oven in 1968. The Caloric system, in development during 1967, will clean the oven/broiler compartment in less than two hours. A controlled, in-the-home field test of self-cleaning ovens is scheduled for early spring, with mass production in the second half of 1968.



Growth at Amana

Amana Refrigeration, Inc., continued its growth pattern during 1967, introduced two major new products, and completed plans for a new manufacturing facility.

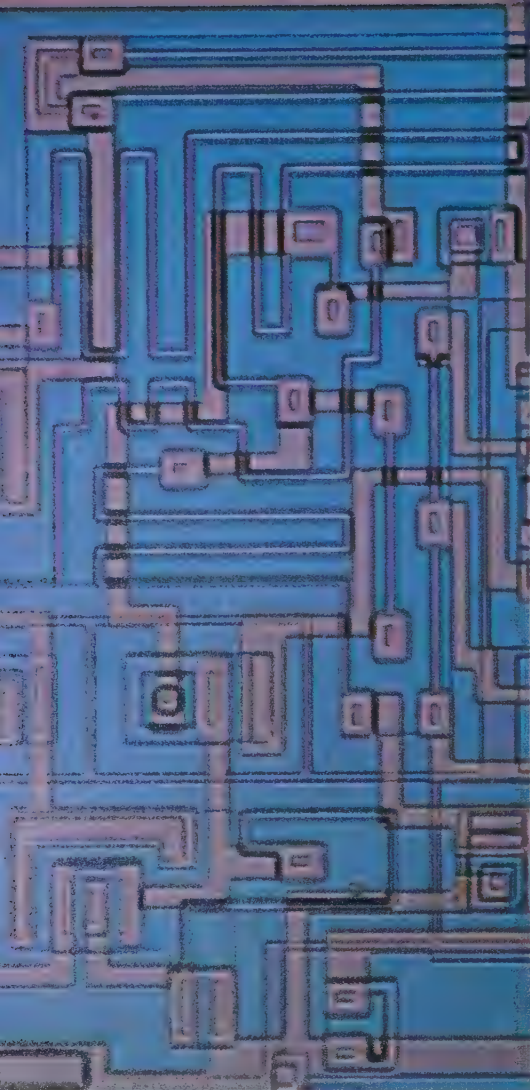
Amana introduced the Radarange microwave oven for the home in an extensive market test in Chicago and its suburbs. The oven sells for under \$500. Consumer response was excellent; the test will be extended market-by-market during 1968.

Introduction of the new Radarange oven represents a blending of Raytheon's long-standing leadership in microwave technology and Amana's leadership in the design and marketing of consumer products.

Amana also introduced its *Amana 25* side-by-side refrigerator-freezer — the industry's largest, measuring only 35³/₄ inches wide but with a capacity of 25 cubic feet.

Continuing strong demand for Amana's decorator-styled refrigerator-freezers and air conditioners necessitates the expansion of manufacturing facilities.

A new plant for the manufacture of Amana room and central air conditioners will be built at Fayetteville, Tennessee, close to the center of the major air conditioning market.



Large scale integration combines hundreds of components on a chip this size □.



Cyclotron for nuclear research at University of Maryland

Electronic Components

Among the significant 1967 developments in electronic components was a new traveling wave tube with a non-intercepting grid that makes possible the switching of a very high power beam from a small power input. This development led to a contract to develop a 20-kilowatt traveling wave tube for use in advanced electronic countermeasures systems.

In an industrial application of its microwave heating capabilities, Raytheon developed and installed a microwave heating unit for use in the processing of potato chips. The use of microwave energy removes moisture and enhances crispness, without altering the color of the chips.



Internal ring-bar structure of advance-design traveling wave tube

Microwave heating systems have many applications in the food processing, textile, chemical, and other industries.

Machlett Laboratories introduced its Dynamax 61, a high energy x-ray tube for use in the diagnosis of brain tumors and of heart and kidney diseases.

In cooperation with Compagnie generale de telegraphie Sans Fil (CSF) of Paris, Raytheon installed a cyclotron at the University of Maryland for use in nuclear research. Raytheon and CSF have also been chosen to install a new linear accelerator for use in cancer therapy at the University of Texas M.D. Anderson Hospital.

Raytheon's integrated circuit business grew substantially during the year. A complete line of 33 basic transistor logic inte-

grated circuits is in production; a new line of linear integrated circuits and a line of microwave integrated circuits have been introduced.

Development work continued on the large scale integration of integrated circuits, higher power microwave integrated circuits, and the application of beam lead technology for faster assembly and higher reliability.



Processing potato chips with microwave energy



Experimental multi-tube gas laser

Communications

Raytheon's microwave communications business continued to expand during the year. A contract was received from the Communications Satellite Corporation for ground communications equipment to be installed at earth stations in Hawaii, California, West Virginia, and Puerto Rico. Raytheon's KTR-3A 1800-channel microwave equipment will be used.

The company also received a study contract for design work on the telemetry, command, and other communications systems aboard the COMSAT Multipurpose Synchronous Communications Satellite.

Contracts were received to install state-wide educational television networks in New Hampshire, Maine, Tennessee, Alabama, and Oklahoma. This brings to a total of 16 the number of orders received for ETV systems and equipment.

Raytheon Canada received an order to install a 250-mile microwave relay system over the Andes Mountains from Quito to Guayaquil in Ecuador.



*Information display system used by AT&T
to process customer inquiries*

Data Handling

Applications for the Raytheon Digital Information Display System (DIDS-400) continue to expand.

Iberia Airlines has placed an order for 250 DIDS-400 units for use in its reservations system. A year ago, a similar large order was received from Air France.

American Telephone and Telegraph Company is testing 28 DIDS-400 units for use in maintaining customer records and answering customer inquiries. More than 300 units have been ordered for use by three hospitals in Charlotte, N.C.

A number of DIDS-400 units, coupled with two Raytheon 520 computers, are being used by Rolls Royce in England to augment and document its extensive quality control program for aircraft engines.

During the year, Raytheon introduced the 703 small systems computer utilizing integrated circuits. The 703 Computer is finding application in such fields as air and vehicular traffic control, jet and rocket engine testing, education, and geophysical exploration.



Advanced development on the SAM-D program

Growth In Government Markets

The size, strength and diversity of Raytheon's government business were enhanced during the year. The company's extensive technological and management skills were applied across a broad spectrum of advanced systems of vital importance to the nation's defense and space programs.

Of particular significance were the award of the prime contract for the U.S. Army's Surface-to-Air Missile Development (SAM-D) program and the Department of Defense decision to deploy the Sentinel System for U.S. defense against ballistic missiles.



SAM-D Program

The company's long-standing role as a major supplier of air defense systems was strengthened and extended with the winning of the SAM-D contract.

The SAM-D program is designed to meet the threat posed by modern, high performance aircraft and short range missiles; and to achieve performance standards well beyond those presently available.

SAM-D will employ advanced design, multi-function phased array radars capable of detecting and tracking high speed targets and of issuing guidance commands to the missile while in flight.

Application of innovative design to the SAM-D program will provide maximum

performance and system availability, even under adverse field conditions, throughout its life cycle; while at the same time assuring economical operation and maintenance.

SAM-D is expected to be operational in the mid-1970's and will replace the Nike-Hercules and the Hawk to meet the Army's air defense needs in the late 1970's and beyond.

Sentinel System

In September, the Department of Defense announced plans to produce and deploy the Sentinel ballistic missile defense system to meet the threat inherent in the

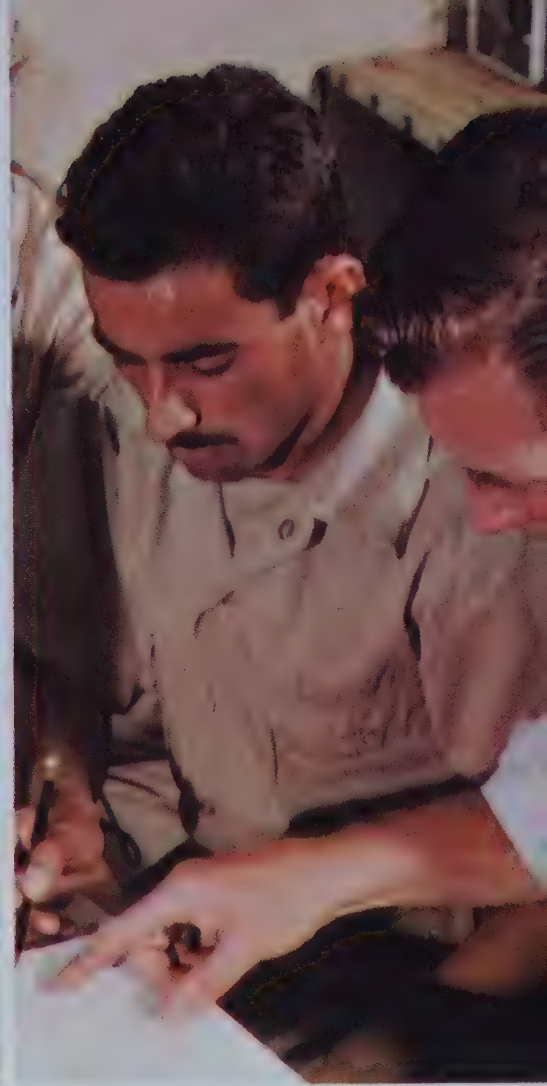
possession of a nuclear capability by the People's Republic of China.

Raytheon is under contract to Bell Telephone Laboratories and Western Electric Company, prime contractor for Sentinel, for major elements of this system.

Raytheon developed and will produce the Missile Site Radar (MSR). The role of the MSR is to detect and track incoming targets and to guide the Sprint missile.



*Phased array radar test mount
for the U.S. Army's Nike-X program*



*Instruction in basic electronics is part of
Saudi Arabian air defense program*

Meanwhile, Raytheon is continuing its development work for the on-going Nike-X research and development program. The company has development responsibility for the transmitter amplifier and traveling wave tubes in the Multi-function Array Radars.

Tactical Systems

Raytheon's role in meeting the air defense needs of the U.S. Army, Navy, Air Force, and Marine Corps now includes SAM-D, the several versions of the Hawk and Sparrow III, Sidewinder, Chaparral, and Tartar-D.

The versatile Hawk ground-to-air system has served the U.S. Army and Marine Corps for more than a decade. The Self-

Propelled Hawk is now being produced and deployed for forward area defense.

The Improved Hawk, a radically updated version of Basic Hawk, is in final test stage and expected to go into prototype production in 1968. A number of successful test firings were held during the year at the Army's White Sands Missile Range in New Mexico.

Among the improvements are a new guidance system utilizing solid state components, improved continuous acquisition and illuminator radars, a larger war-head, and improved propellant yielding



*Test firing of the Improved Hawk missile
(Photo courtesy of U.S. Army)*

greater range. The Improved Hawk will help to meet the Army's air defense needs through the mid-1970's.

Work on the Saudi Arabia Hawk contract continued during the year with major emphasis on the education and training phase of the program. Under agreements between the U.S. and Japan, Hawk batteries will become an integral part of the Japanese air defense program.

During the year, the company received a systems management contract covering all elements of the Advanced Sparrow air-to-air missile system.

A major development contract was received early in 1967 for the AIM-7G version of the Advanced Sparrow missile system, the primary defensive armament for the F-111A, the U.S. Air Force advanced fighter interceptor. This effort

also includes responsibility for the missile fire control avionics development.

During the year, development and production of the prototype of the Sea Sparrow for the U.S. Navy was completed. Sea Sparrow is the ship-launched version of the Sparrow III air-to-air missile. A Sea Sparrow development contract was received from the Royal Canadian Navy; and the company was designated by the U.S. Navy to work with NATO nations to provide Sea Sparrow for use in the NATO defense program.

Difficult production problems on the Sidewinder air-to-air missile were solved dur-



Production of guidance and navigation electronics for the Poseidon missile



Computer-guided Apollo spacecraft launched into space atop Saturn V rocket (Photo courtesy of NASA)

ing the year, and missiles are currently being delivered in mass production quantities. The company also received a pilot production and a follow-on production contract for the Chaparral missile, a surface-to-air version of Sidewinder, for use by the U.S. Army in forward area defense.

Development work on the U.S. Navy's Tartar-D surface-to-air missile continued at an accelerated pace during the year. Raytheon is responsible for design coordination and evaluation of the complete fire control system. The Tartar-D has been selected for use aboard the Navy's nuclear-powered air defense destroyers.

Production continued on the infrared command and guidance receivers for the Shillelagh — a tactical guided missile for armored combat vehicles, including the U.S. Army's Main Battle Tank.

Poseidon System

During the year, the company moved into prototype production on the guidance and navigation electronics for the submarine-launched Poseidon missile. Production continued on the guidance and navigation electronics for the Polaris, the predecessor to Poseidon.

Space Systems

Raytheon continued during the year as an important supplier of guidance and navigation electronics and data handling, display, and communications equipment for use in the nation's space exploration program.

The company produces the guidance and navigation computers for the Apollo Command and Lunar Modules.



Data displays aboard Apollo tracking vessel

In the first flight of the Saturn V rocket in November, the Apollo Command Module was launched into a computer-guided orbit that took the spacecraft close to 10,000 nautical miles into space and back into the earth's atmosphere at close to the 25,000 mph velocity as would be experienced in a lunar return flight.

When the drogue parachutes opened over the Pacific, the guidance and navigation system had brought the spacecraft to within 2.2 nautical miles of the target.

Early this year, the Raytheon Block II computer performed well on the first orbital flight of the Lunar Module, the spacecraft that will carry two astronauts to the surface of the moon. The Block II computer is lighter and more compact than the Block I units used in earlier

Apollo test flights, yet has greater speed and a larger memory capacity.

Other Raytheon equipment aboard the Lunar Module were the final amplifier portion of the S-Band telemetry system and Signal Conditioning Electronic Assembly modules, also used in the spacecraft's telemetry.

In other Apollo efforts, the company is working on a lunar mapping program to help locate likely landing sites for the lunar mission, and providing data displays used at ground and shipboard Apollo tracking stations.



Logic circuits in advanced aerospace guidance computer



Computer display systems now in development will facilitate control of air traffic en route to such busy airports as O'Hare Field in Chicago

Applying the guidance computer technology developed in the production of Apollo, Polaris, and Poseidon computers, the company has developed a new lightweight, compact, high-performance computer known as RAC-230 (Raytheon Aerospace Computer). RAC-230 technology is expected to have guidance and navigation application in a number of advanced missile and space systems.

During the year, a contract was received to develop the Data Adapter Unit (DAU) for a manned space program. The DAU will translate sensor data into computer language for processing.

Many of the interpretation and photogrammetric skills and techniques used in the lunar mapping program are being applied in several earth survey and mapping projects. These include mapping Panama by radar, the use of Gemini spacecraft photographs to produce regional mosaics of unexplored areas of the world, and the study of water pollution.

Air Traffic Control

Raytheon has long been a major supplier of air traffic control systems and equipment, both in this country and overseas. In 1967, the company received a \$44.8 million contract for the Computer Display Channels to be used in the Federal Aviation Agency's National Air Space System. This is the largest single air traffic control contract ever awarded by the FAA.



The Computer Display Channel will provide the link between the air traffic controller and the Central Computer Complex. This will enable an air traffic controller to display directly on his radar screen selected flight information that automatically tracks the blip, or radar signature, of an aircraft in flight.

Vehicular Traffic Control

Experience in the use and integration of sensing, data processing, and data display techniques resulted in two development contracts from the U.S. Bureau of Public Roads for vehicular traffic control.

One is a Passing Aid System (PAS) for use on hilly, winding, two-lane roads. The PAS would use sensors buried in the road,

computers to process traffic data and issue instructions, and dashboard data displays to inform drivers when it is safe to pass.

The second is a Merging Control System, using similar sensing devices and data processing and display equipment for the safe and efficient merging of traffic from access ramps onto high-speed super highways, and to assure a smooth flow of traffic along super highways.



Contracts have been received to develop vehicular traffic control systems



Nuclear submarine equipped with Raytheon sonar surveillance equipment (Photo courtesy of U.S. Navy)

Sonar Systems

The company continues as a major supplier of sonar surveillance systems for the U.S. Navy nuclear powered attack class submarines.

During the year, a new sonar system was successfully demonstrated aboard a Fleet Ballistic Missile submarine; and a contract was received to develop an acoustic technique for anti-submarine warfare countermeasures.

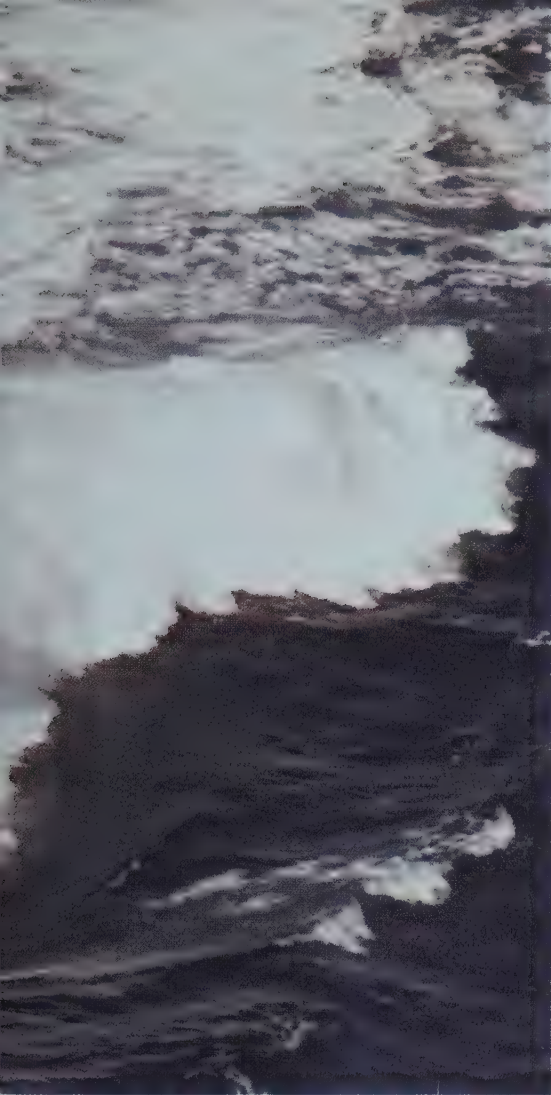
Other Growth Programs

Production of Pulse Code Modulation (PCM) communications equipment for use by the U.S. Army continued during the year. In the PCM technique, voice signals

are converted to digital signals for high fidelity, secure transmission in battlefield situations.

Raytheon PCM equipment is now in use in Vietnam. Eventually, PCM gear will replace all of the Frequency Division Multiplex gear used by the field Army.

Quantity production also continued on 25 millimeter light amplifier tubes for use in the U.S. Army's Starlight Scope night vision devices. The Starlight Scope is now in use in Vietnam and is enabling our armed forces to gain the night-time initiative.



Facilities expansion includes new addition at Sudbury, Mass.

The company has also received a contract to develop and produce a lightweight, 18-millimeter night vision miniscope.

Through the capture of prime contracts, Raytheon established its position as an important developer of ballistic missile penetration aids, fuses, and instrumentation for the diagnosis of re-entry phenomena.

Development and production continued in the areas of offensive/defensive systems and data collection systems for military aircraft. The company's super-power amplatron development program has led to the award of an advanced program to demonstrate feasibility of application of this technology to next generation electronic warfare systems.

Facilities Expansion

Raytheon's growing business is necessitating expansion of manufacturing facilities in a number of areas. Plans were announced early in 1968 for a major manufacturing plant to be constructed in Hudson, Mass. Other current and projected expansions include the Missile Systems Division laboratories in Bedford, Mass.; Equipment Division laboratory in Wayland, Mass.; Space and Information Systems Division in Sudbury, Mass., and the Amana air conditioner manufacturing plant in Fayetteville, Tennessee.

Financial Review

Net Sales in 1967 were \$1,106,049,000 thus exceeding one billion dollars for the first time. This record total includes combined sales of about \$200,000,000 by Caloric Corporation, which was acquired early in 1967, and The Badger Company, Inc., which was acquired on January 18, 1968. Even without these acquisitions, the company's sales would have been a record since sales of Raytheon as it was constituted at the end of 1966 grew by approximately \$200,000,000 during 1967. Of the total volume, 55% was to the U.S. Government as compared with 66% in 1966 and 83% as recently as 1964.

Net Income of \$28,602,000 in 1967 represented an increase of more than \$10,000,000 over the previous record which was established in 1966. The company has increased its net income by at least 30 percent in each of the last four years.

Earnings Per Common Share increased from \$2.90 in 1966 to \$3.95 in 1967. These figures have been calculated by dividing net income after dividends on the preferred stock by the average number of common shares outstanding during the years involved. As of December 31, 1967, if all outstanding preferred stock had been converted to common stock and all options granted to key employees had been exercised with retroactive effect for the entire year, earnings per common share for 1967 would have been \$3.80, a dilution of 3.8%.

Devaluation of the British pound late in 1967 adversely affected 1967 earnings by \$540,000. In addition, the devaluation effect of \$637,000 upon inventories and \$628,000 upon plant and equipment will be charged against related future income.

Return on Stockholders' Equity reached 15.1% in 1967, compared with 11.9% in 1966. This was the fourth consecutive year of improvement in this ratio.

Dividends on the company's common stock were paid quarterly in cash at the annual rate of \$.80 per share in both 1966 and 1967. The initial quarterly dividend on the Series A Preferred Stock was paid on March 1, 1967. The normal annual dividend of \$1.12 was paid in cash on the preferred stock in 1967. Dividends actually paid by Raytheon and Badger in 1967 were equal to 23% of the earnings reported for the consolidated company in that year. Dividends for a full year at 1967 rates on all preferred and common shares outstanding at the end of 1967 would also be equal to 23% of total earnings.

Common Stock outstanding increased by approximately 1,004,000 shares in 1967. Of this, 919,000 shares were issued in connection with the acquisitions of Caloric and Badger; 84,000 shares were sold for cash to key employees in connection with the company's stock option plan; and 1,500 shares were issued upon conversion of 3,000 shares of Series A Preferred Stock. The company has not purchased any shares of its common stock since August, 1965.

Total Stockholders' Equity increased to \$200,948,000. The total increase during the year was \$39,906,000 of which \$15,700,000 was the net worth of Caloric and Badger as of the end of 1966. The book value of the common stock (assuming the preferred stock to be fully converted) increased from \$24.95 to \$26.95 during the year.

Wages and Salaries amounted to \$390,250,000 in 1967 compared with \$280,359,000 in 1966. This reflects an increase of more than 8,300 employees in 1967 to a total of over 50,000 at the end of the year. Additionally, certain general increases and improvements in benefit programs were also effected during the year. Approximately 3,200 of these added employees came to Raytheon in the Caloric and Badger acquisitions. The company's vigorous internal growth resulted in the creation of over 11,000 new jobs in the last two years. The company is in its second year of a three year contract with the I.B.E.W., Local 1505, which represents over 10,000 employees in Massachusetts.

Pension Expense charged to operations in 1967 was \$5,171,000. The company charges all current costs of pensions to operations as well as regular planned amounts for prior service where such liability exists. Such pension expense is being currently funded with professional trustees independent of company control for all plans affecting United States and Canadian companies.

Research and Development funds invested in company-sponsored projects for new products and processes and the development of new concepts were increased in 1967 to \$22,560,000 compared with \$19,536,000 in 1966. This is in addition to sizable Government contracts for research and development projects.

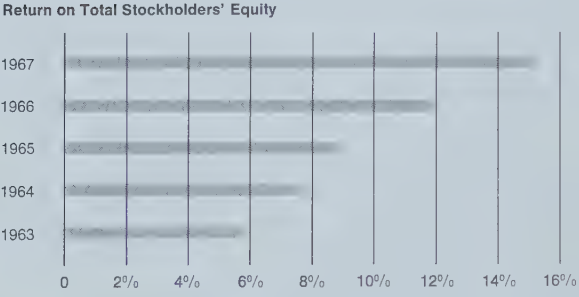
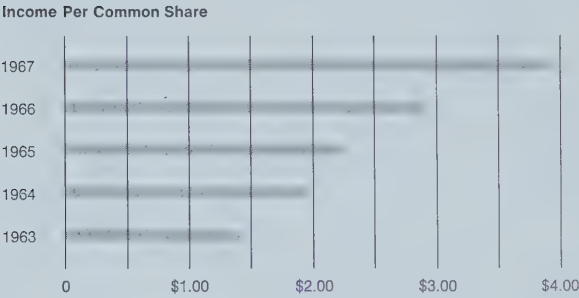
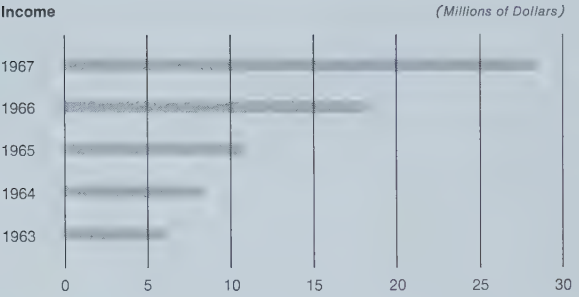
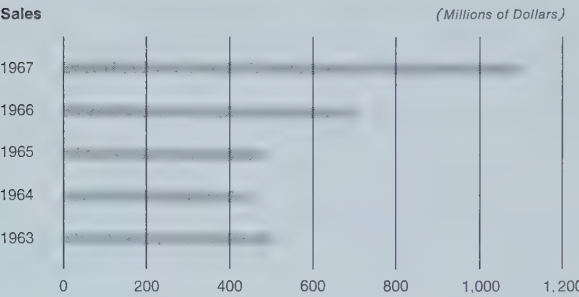
Plant and Equipment increased by more than \$14,000,000 in 1967, including at January 1, 1967 about \$5,500,000 from acquired companies. Capital expenditures of \$26,500,000 were the highest in the company's history, offset by depreciation of \$16,700,000 which was also at a record level. The increased net investment in plant has been a significant factor in the company's cash flow during 1967. In order to properly provide for the many opportunities for future business growth, it is planned that expenditures for plant and equipment will remain at a high level in 1968. The company's net investment in this account has approximately doubled in the last three years.

Asset Utilization has received major management attention in recent years to insure efficient use of capital in the business. During 1967, vigorous efforts to improve asset turnover as related to sales volume were pursued throughout the company. As a result of this and the financial effect of acquisitions made in 1967, the assets employed in the business improved relative to sales volume. This increased efficiency in the use of assets was particularly notable in receivables and inventories and is a major factor in the decrease in ratio of short and long-term debt to net worth during 1967 from .87 to .77. This program will continue in 1968.

Short-Term Debt increased from \$40,254,000 at the end of 1966 to \$98,581,000 at the end of 1967. Of this amount at December 31, 1967, \$78,000,000 is in the form of borrowings from nine commercial banks under a credit agreement expiring on March 31, 1970, which provides for maximum borrowings of \$150,000,000. Borrowings from commercial banks outside the above-mentioned credit agreement and the current portion of long-term debt account for the remainder. During the year, over-all short-term financing (short-term debt plus proceeds from sale of negotiable instruments) increased by only \$14,400,000 reflecting mainly a shift from proceeds from sale of negotiable instruments to bank loans during the year.

Working Capital increased by about \$25,000,000 during 1967. Approximately 45% of this resulted from acquisitions and the remaining 55% from operations.

Five Year Summary Based upon results before extraordinary items, as originally reported



Balance Sheets

Assets

	December 31, 1967	1966
Current Assets:		
Cash	\$ 24,258,498	\$ 19,703,871
Accounts receivable:		
Government contracts, direct and indirect, including unbilled costs and fees on cost-type contracts: 1967, \$12,923,714; 1966, \$27,177,914	67,728,955	67,308,573
Other	70,730,345	56,587,379
Inventories (Note B):		
Fixed price contracts in progress, less progress payments: 1967, \$107,680,465; 1966, \$102,922,069	89,467,877	81,881,142
Other	107,018,546	99,948,092
Prepaid expenses	5,287,869	6,109,635
Total current assets	364,492,090	331,538,692
 Investments in Unconsolidated Foreign Companies (Note A):		
Majority-owned or controlled	6,780,706	7,407,389
Other	2,255,324	2,350,047
 Property, Plant and Equipment, at cost, less accumulated depreciation and amortization (Note C)	 78,255,012	 69,518,538
 Other Assets:		
Patents, processes, and other assets less accumulated amortization: 1967, \$2,167,190; 1966, \$1,678,738	2,725,711	3,211,834
Deferred charges and long-term receivables	5,536,435	5,852,930
	<u>\$460,045,278</u>	<u>\$419,879,430</u>

Liabilities and Stockholders' Equity

	December 31, 1967	1966
Current Liabilities:		
Notes payable, principally to banks, and current maturity of long-term debt (Note D)	\$ 98,580,869	\$ 44,222,413
Proceeds from sale of negotiable instruments (Note E)	13,915,000	57,807,000
Advanced payments, less commercial fixed price contracts in progress: 1967, \$14,686,075; 1966, \$10,225,303	5,393,530	5,885,416
Accounts payable	37,740,441	41,346,336
Accrued payrolls, taxes and other expenses	42,975,267	36,819,083
Federal and foreign income taxes	17,845,282	11,630,354
Total current liabilities	216,450,389	197,710,602
 Long-Term Debt (Note D)	 42,647,074	 45,523,334
 Commitments and Contingent Liabilities (Note F)		
 Stockholders' Equity:		
Serial preferred stock, without par value:		
Authorized 3,000,000 shares		
Series A, \$1.12 cumulative, convertible, stated value \$2.50:		
Outstanding: 1967 — 788,948 shares; 1966 — 792,023 shares (Note G)	1,972,370	1,980,058
Common stock, par value \$5:		
Authorized 9,000,000 shares		
Outstanding: 1967 — 7,061,936 shares; 1966 — 6,976,108 shares		
(after deducting shares in treasury: 1967 — 193,498 shares; 1966 — 193,809 shares) (Note H)	35,309,680	34,880,540
Capital in excess of par value (Note I)	44,735,049	42,838,150
Earnings reinvested in the business (Note D)	118,930,716	96,946,746
Total stockholders' equity	200,947,815	176,645,494
	<u>\$460,045,278</u>	<u>\$419,879,430</u>

Statement of Income and Earnings Reinvested in the Business

Raytheon Company and Consolidated Subsidiaries

	Year Ended December 31, 1967	1966
Net sales	\$1,106,048,689	\$875,615,880
Cost of sales	928,074,408	727,223,249
Research and development expenses	22,560,420	19,887,582
Administrative and selling expenses	87,942,214	81,413,394
Interest expense	10,822,304	6,205,655
Other deductions (income) — net (Note A)	2,244,756	(1,123,245)
	<u>1,051,644,102</u>	<u>833,606,635</u>
	54,404,587	42,009,245
Federal and foreign income taxes — estimated	<u>25,802,460</u>	<u>20,662,141</u>
Net income	\$ 28,602,127	\$ 21,347,104
Net income per common share (Note J)	<u>\$3.95</u>	<u>\$2.95</u>
Earnings reinvested in the business at beginning of year	\$ 96,946,746	\$ 84,661,373
Net income	28,602,127	21,347,104
	<u>125,548,873</u>	<u>106,008,477</u>
Cash dividends declared:		
Preferred, \$1.12 per share	885,449	—
Common, \$.80 per share	5,090,712	4,308,136
Pooled companies, prior to acquisition	641,996	1,221,365
Transfer to common stock by a pooled company, prior to acquisition, for stock split and decrease in par value	—	3,532,230
	<u>6,618,157</u>	<u>9,061,731</u>
Earnings reinvested in the business at end of year	<u>\$118,930,716</u>	<u>\$ 96,946,746</u>

Statement of Resources Provided and Applied

Raytheon Company and Consolidated Subsidiaries

	Year Ended December 31, 1967	1966
Resources Provided		
Net income	\$28,602,127	\$21,347,104
Depreciation and amortization:		
Property, plant and equipment	16,693,853	13,274,825
Patents, processes and other assets	488,452	463,742
Investments in unconsolidated foreign companies	754,104	686,495
Disposal of property, plant and equipment	1,114,451	956,570
Sale of common stock under option plans and stock warrant agreement (1966)	2,387,947	2,190,857
Decrease (increase) in other assets	314,163	(143,001)
	<u>\$50,355,097</u>	<u>\$38,776,592</u>
Resources Applied		
Additions to property, plant and equipment	\$26,544,778	\$26,925,774
Dividends declared	6,618,157	5,529,501
Increase (decrease) in investments in unconsolidated foreign companies, exclusive of amortization	32,698	(1,120,113)
Redemption of 5½% preferred stock	—	4,267,544
Stock transactions of a pooled company prior to acquisition	69,593	(321,296)
Decrease in long-term debt	2,876,260	532,350
Increase in working capital	14,213,611	2,962,832
	<u>\$50,355,097</u>	<u>\$38,776,592</u>

Notes to Financial Statements

Note A: Principles of Consolidation

The consolidated financial statements include the accounts of the parent company, all its wholly-owned domestic, Canadian and British subsidiaries, and all foreign subsidiaries of The Badger Company, Inc. and Seismograph Service Corporation. Foreign subsidiaries (other than Raytheon Canada Limited) are included on the basis of years ending in September or November.

The company acquired all of the capital stock of Caloric Corporation on February 28, 1967 and the business and net assets of The Badger Company, Inc. on January 18, 1968 in exchange for 918,701 shares of common stock. These acquisitions have been accounted for as poolings of interests and accordingly the Statement of Income and Earnings Reinvested in the Business includes the operations of these companies for the entire year 1967. The financial statements for 1966 have been restated to include the acquired companies.

The investments in unconsolidated foreign companies that are majority-owned or otherwise controlled are stated at cost, increased or decreased by the company's share in their net earnings or losses since acquisition of a majority interest or effective control, and decreased by the amortization over a ten-year period of the excess of cost over equity in underlying net tangible assets at the date of acquisition. These increases or decreases are included in the Statement of Income and Earnings Reinvested in the Business under the caption "Other deductions (income) — net." Investments in other unconsolidated foreign companies are stated at cost.

Investments in unconsolidated, controlled, foreign companies exceeded the company's share in their net tangible assets by approximately \$4,600,000 and \$4,300,000 at December 31, 1967 and 1966. The net assets and net sales of consolidated foreign companies (other than Canadian) were:

	1967	1966
Net assets	\$ 19,927,000	\$ 18,974,000
Net sales	\$139,302,000	\$123,657,000

The company's equity in the results of operations of both unconsolidated and consolidated foreign companies (other than Canadian) reflected in net income was:

	1967	1966
Operating income (loss)	\$(1,678,769)	\$ 711,171
Devaluation of British pound	(539,597)	—
Amortization of investments	(994,668)	(927,059)
	<u>\$(3,213,034)</u>	<u>\$(215,888)</u>

Except for foreign subsidiaries of The Badger Company, Inc., no provision has been made for United States or foreign taxes that would accrue if the retained earnings of the foreign corporations were distributed in the form of dividends.

Note B: Inventories

The company follows the practice of accruing income from certain fixed price contracts on the percentage of completion method with costs and estimated profits included in sales as work is performed. If the estimate of total contract costs indicates a loss, provision is made for the total loss anticipated on the contract. In accordance with this practice, fixed price contracts in progress are stated at cost plus estimated profit but not in excess of realizable value.

Other inventories are stated at the lower of cost (first-in, first-out or average) or market as follows:

	December 31, 1967	1966
Finished goods	\$ 34,711,242	\$34,048,435
Work in process	45,923,839	40,304,408
Materials and purchased parts	29,714,709	27,629,870
Progress payments received	(3,331,244)	(2,034,621)
	<u>\$107,018,546</u>	<u>\$99,948,092</u>

Note C: Property, Plant and Equipment

Balances, at cost, by major classification are as follows:

	December 31, 1967	1966
Land	\$ 3,545,948	\$ 3,362,589
Buildings and leasehold improvements	43,571,844	39,596,514
Machinery and equipment	127,449,464	112,498,214
Manufactured apparatus leased to others	2,710,418	818,103
	<u>177,277,674</u>	<u>156,275,420</u>
Less accumulated depreciation and amortization	99,022,662	86,756,882
	<u>\$ 78,255,012</u>	<u>\$ 69,518,538</u>

Generally, provisions for depreciation on buildings and machinery and equipment acquired subsequent to 1956 are computed on the sum-of-the-years digits method. Substantially all other provisions for normal depreciation are on a straight-line basis. Useful lives, on which depreciation provisions are based, approximate U.S. Treasury guidelines. Leasehold improvements are being amortized over the lesser of lease periods or estimated useful lives.

Note D: Long-Term Debt

Long-term debt consists of the following:

5 1/2% notes payable, \$1,000,000 semi-annually, with balance payable December 1, 1981	\$33,000,000
Other notes with various rates from 5% up to 1% above prime rate, payable in installments, maturing at various dates from 1970 to 1982 (including mortgage notes, \$4,494,311)	12,923,013
	<u>45,923,013</u>
Less amounts maturing during 1968	3,275,939
	<u>\$42,647,074</u>

The aggregate amounts of indebtedness maturing in each of the succeeding four years are: 1969 - \$3,276,000; 1970 - \$3,297,000; 1971 - \$4,515,000; 1972 - \$2,899,000.

Under the agreement covering the 5 1/2% notes due in 1981, \$47,432,000 of earnings reinvested in the business at December 31, 1967 was unrestricted with respect to cash dividends on common stock.

Proceeds from accounts receivable and contract rights are assignable upon the request of lenders as collateral security under the short-term 1967 Credit Agreement, which provides a line of credit of \$150,000,000. Under the agreement covering the 5 1/2% notes due in 1981, the holders of these notes would simultaneously be given pro rata assignment protection.

Note E: Proceeds from Sale of Negotiable Instruments

Certain of the negotiable instruments received in connection with a customer contract were sold in 1967 and 1966 without recourse except in the event of failure of the company to perform. Accordingly, the contract sales value of items related to these negotiable instruments is being deducted from this liability upon customer acceptance of the items. The sales value of such items accepted through December 31, 1967 was \$54,975,000.

Note F: Commitments and Contingent Liabilities

At December 31, 1967, the company had long-term leases on real property expiring on various dates subsequent to 1970 and requiring annual rentals on a net lease basis of approximately \$4,500,000 through 1970 and lesser amounts thereafter.

At December 31, 1967, the company had guaranteed loans of unconsolidated foreign companies in the amount of \$11,343,000 and is obligated under certain circumstances to accept liability for a loan of \$3,782,000.

The company is protesting, before the Appellate Division of the Internal Revenue Service, a revenue agent's determination as a non-capital gain, income from grant of certain patent and proprietary rights for production of Hawk Missiles in Europe, reported as a special item in the 1960 financial statements. The maximum contingent tax liability, including interest to December 31, 1967, would approximate \$2,550,000.

Various claims, generally incidental to conduct of normal business, are pending or threatened against the company from time to time. Ultimate liability, if any, is presently indeterminable and, in the opinion of management, should have no material adverse effect on the financial condition of the company.

Note G: Preferred Stock

The \$1.12 Series A, issued in December 1966, is convertible into common stock on a two-for-one basis and has equivalent voting power. During 1967, 3,075 preferred shares were converted into common stock. Shares may be redeemed after January 1, 1972 at prices beginning at \$27.50 and declining to \$26.25 per share after January 1, 1977. The aggregate involuntary liquidation value of the shares outstanding at December 31, 1967 is \$8,907,223.

Note H: Stock Options and Common Stock Reserved

During the year ended December 31, 1967, options for 82,850 shares were granted to officers and employees, under the 1964 Qualified Stock Option Plan, at purchase prices equivalent to 100% of the fair market value on the date of grant. Options for 83,980 shares were exercised at prices ranging from \$17.50 to \$50.06 per share, and options for 2,603 shares expired.

There were outstanding at December 31, 1967, options to purchase 208,636 shares of common stock (212,369 shares at December 31, 1966) at prices ranging from \$17.69 to \$112.06 of which options for 25,076 shares were exercisable. All outstanding options expire at various dates to December 27, 1972.

At December 31, 1967, the following shares of common stock were reserved:

For stock options	210,819
For conversion of outstanding Series A preferred stock	394,474
For the proposed acquisition of Plastic Molded Products Co.	40,000
	<u>645,293</u>

In January 1968, the Board of Directors, subject to approval of the stockholders at the next annual meeting, voted to establish the 1968 Qualified Stock Option Plan and reserve an additional 250,000 shares of common stock for stock options.

Note I: Capital in Excess of Par Value

Changes during the year ended December 31, 1967 were as follows:

Balance at beginning of year	\$42,838,150
Excess of amounts received from sale of common stock under option plans over the par value thereof	1,966,492
Transaction of a pooled company prior to acquisition	(69,593)
Balance at end of year	<u>\$44,735,049</u>

Note J: Net Income Per Common Share

Net income per common share is computed on the average number of common shares outstanding during each year, after giving retroactive effect to shares issued in poolings of interests and on net income reduced by Series A preferred stock annual dividend requirements (pro forma basis in 1966).

If all outstanding Series A preferred stock had been converted into common stock and all outstanding stock options had been exercised retroactively as of January 1, 1967, net income per common share in 1967 would have been \$3.80.

Note K: Pension Plans

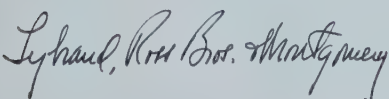
The company and its consolidated subsidiaries have several plans covering substantially all employees, including certain employees in foreign countries. Current service costs and interest on prior service costs are accrued and funded as incurred. Generally, prior service costs are amortized and funded over periods from twenty to thirty years. Unaccrued prior service costs approximated \$17,500,000 at December 31, 1967. The amounts funded and accrued for all plans exceeded benefits vested at December 31, 1967 in total; for one plan, the vested benefits exceeded the amounts funded and accrued by approximately \$2,000,000. Total pension expense charged to income was \$5,171,000 in 1967 and \$4,728,000 in 1966.

Auditor's Opinion

To the Board of Directors and Stockholders
Raytheon Company
Lexington, Massachusetts

We have examined the financial statements of Raytheon Company and consolidated subsidiaries for the year ended December 31, 1967. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. It was not practicable to obtain direct confirmation of certain accounts with the United States Government, but we satisfied ourselves as to such accounts by other auditing procedures. We previously examined and reported upon the financial statements for the year 1966 which have been restated to include the accounts of companies acquired in 1967 (Note A).

In our opinion, the accompanying balance sheets, statement of income and earnings reinvested in the business, and statement of resources provided and applied present fairly the financial position of Raytheon Company and consolidated subsidiaries at December 31, 1967 and 1966, and the results of their operations and resources provided and applied for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.



Boston, Massachusetts
January 24, 1968

Common Stock Transfer Agents

Morgan Guaranty Trust Company of New York
New York, New York 10015

Harris Trust and Savings Bank
Chicago, Illinois 60690

Bank of America NT & SA
San Francisco, California 94120

The First National Bank of Boston
Boston, Massachusetts 02106

Preferred Stock Transfer Agents

Morgan Guaranty Trust Company of New York
New York, New York 10015

The First National Bank of Tulsa
Tulsa, Oklahoma 74102

Common Stock Registrars

Manufacturers Hanover Trust Company
New York, New York 10015

Continental Illinois National Bank
and Trust Company of Chicago
Chicago, Illinois 60690

United California Bank
San Francisco, California 94104

The National Shawmut Bank of Boston
Boston, Massachusetts 02106

Preferred Stock Registrars

Manufacturers Hanover Trust Company
New York, New York 10015

National Bank of Tulsa
Tulsa, Oklahoma 74102

1965	1964	1963	1962	1961	1960	1959	1958
\$487,834	\$454,122	\$510,516	\$599,019	\$562,901	\$539,975	\$494,278	\$375,156
\$ 19,956	\$ 15,589	\$ 13,339	\$ 18,715	\$ 13,067	\$ 15,845	\$ 21,801	\$ 19,083
\$ 11,021	\$ 8,243	\$ 6,332	\$ 9,553	\$ 6,877	\$ 8,105	\$ 10,481	\$ 9,403
\$ 11,021	\$ 8,243	\$ 92	\$ 9,553	\$ 6,877	\$ 11,536	\$ 13,481	\$ 9,403
\$2.25	\$1.96	\$1.46	\$2.31	\$1.69	\$2.09	\$3.01	\$3.08
\$2.25	\$1.96	\$(.05)	\$2.31	\$1.69	\$3.01	\$3.89	\$3.08
\$2.25	\$1.96	\$(.05)	\$2.25	\$1.60	\$2.77	\$3.32	\$2.57
2.3%	1.8%	1.2%	1.6%	1.2%	1.5%	2.1%	2.5%
8.9%	7.6%	5.8%	9.2%	7.2%	9.4%	14.4%	17.2%
\$ 234	\$ 248	\$ 281	\$ 284	\$ 315	\$ 315	\$ 148	—
—	—	3%	3%	3%	5%	5%	5%
\$ 2,662	\$ 1,850	—	—	—	—	—	—
\$210,870	\$180,272	\$187,217	\$201,862	\$193,687	\$184,966	\$174,552	\$119,172
\$ 44,790	\$ 39,317	\$ 39,978	\$ 48,257	\$ 44,781	\$ 35,139	\$ 26,127	\$ 18,073
\$ 18,088	\$ 16,099	\$ 12,983	\$ 14,375	\$ 14,171	\$ 5,689	\$ 5,559	\$ 1,031
\$273,748	\$235,688	\$240,178	\$264,494	\$252,639	\$225,794	\$206,238	\$138,276
\$104,556	\$ 93,375	\$ 96,854	\$ 89,219	\$ 84,865	\$ 61,661	\$ 59,854	\$ 52,809
1.98	2.07	2.07	1.79	1.78	1.50	1.52	1.80
\$ 39,231	\$ 39,385	\$ 37,118	\$ 49,451	\$ 49,358	\$ 75,698	\$ 68,935	\$ 27,339
\$ 41,670	\$ 39,707	\$ 40,979	\$ 42,502	\$ 44,188	\$ 10,350	\$ 11,327	\$ 11,931
\$ 80,901	\$ 79,092	\$ 78,097	\$ 91,953	\$ 93,546	\$ 86,048	\$ 80,262	\$ 39,270
\$ 4,202	\$ 4,325	\$ 4,956	\$ 5,127	\$ 5,738	\$ 5,738	\$ 5,738	—
\$121,561	\$104,759	\$103,402	\$103,935	\$ 93,890	\$ 86,400	\$ 74,474	\$ 59,982
\$125,763	\$109,084	\$108,358	\$109,062	\$ 99,628	\$ 92,138	\$ 92,212	\$ 59,982
\$25.36	\$25.68	\$25.06	\$25.87	\$24.13	\$23.17	\$21.75	\$19.66
.64	.73	.72	.84	.94	.93	1.00	.65
\$265,000	\$240,000	\$250,000	\$320,000	\$360,000	\$288,000	\$300,000	\$280,000
32,559	30,173	35,777	42,574	43,713	40,078	41,371	38,164
8,100,000	7,600,000	8,100,000	8,100,000	8,200,000	7,900,000	7,200,000	6,400,000
\$ 14,616	\$ 14,221	\$ 13,128	\$ 15,294	\$ 13,596	\$ 10,997	\$ 7,354	\$ 6,220
\$ 8,504	\$ 7,655	\$ 8,938	\$ 8,379	\$ 7,091	\$ 5,349	\$ 4,392	\$ 3,107
\$ 11,600	\$ 8,400	\$ 8,100	\$ 9,500	\$ 17,600	\$ 14,500	\$ 9,500	\$ 7,100
84,048	86,505	99,120	102,549	114,769	114,769	114,769	—
4,792,624	4,079,396	4,126,855	4,017,488	3,891,672	3,728,247	3,423,567	3,050,459
24,103	26,443	27,341	28,678	27,783	28,096	23,903	16,633

Principal Fields, Products and Facilities

Commercial Markets	Products & Services	Plants & Laboratories
Education		
Raytheon Education Company	Textbooks and coordinated instructional materials, science learning apparatus, language and learning laboratories, learning center systems, dial access systems, closed circuit TV, multi-media teaching and student response systems, driver education systems.	Boston, Waltham, Mass. Nashua, N.H. Michigan City, Ind. Mountain View, Calif.
Natural Resources		
Seismograph Service Corporation	Geophysical exploration, radio positioning, oil well logging services.	Tulsa, Okla.
The Badger Company, Inc.	Design, engineering, and construction of petroleum, chemical and petrochemical processing plants.	Cambridge, Mass.
Major Appliances		
Amana Refrigeration, Inc.	Refrigerators, freezers, room and central air conditioners, Radarange home ovens, heat pumps, dehumidifiers.	Amana, Iowa
Caloric Corporation	Gas ranges, dishwashers, disposers, range hoods, outdoor gas grilles, portable outdoor gas broilers.	Topton, Pa.
Electronic Components		
Microwave and Power Tube Division	Microwave tubes, ferrites, solid state microwave devices, industrial microwave heating systems, lasers, power supplies, transformers, particle accelerators.	Waltham, Burlington, Mass. Norwalk, Conn. Murray Hill, N.J.
The Machlett Laboratories, Inc.	Broadcast and X-ray tubes.	Stamford, Conn.
Components Division	Receiving and industrial tubes. semiconductors, microelectronics, electronic hardware.	Mountain View and Paso Robles, Calif. Quincy, Mass.
Communications		
Equipment Division	Microwave communications equipment and systems; voice, data, TV relays.	Norwood, North Dighton and Wayland, Mass.
Data Handling		
Raytheon Computer Operation	Special-purpose computers, memories, peripheral equipment, modules.	Santa Ana, Calif.
Equipment Division	Digital information display systems.	Waltham, Mass.
Marine Electronics		
Marine Products Operation	Marine radars, depth sounders, radio-telephones, direction finders, amateur radio equipment.	S. San Francisco, Calif.
Microwave Cooking		
Radarange Operation	Commercial Radarange microwave ovens.	Waltham, Mass.

Government Markets	Products & Services	Plants & Laboratories
Missile Systems Missile Systems Division	Air defense and tactical airborne systems; related radar, command and control systems; avionics.	Bedford, Andover and Lowell, Mass. Bristol, Tenn. Oxnard, Calif. White Sands, N.M.
Radar and Communications Equipment Division	Surface and shipboard radar and navigation systems, military communications, radar instrumentation, air traffic control systems.	Waltham, Wayland, Norwood, North Dighton and Burlington, Mass. Waterloo, Ontario, Canada
Raytheon Canada Limited		
Space and Missile Guidance, Space Communications Space and Information Systems Division	Spacecraft guidance computers, missile guidance electronics, re-entry systems, electronic counter-measure, photogrammetry, night vision devices.	Sudbury, Waltham, Mass. Santa Barbara, Calif. Alexandria, Va.
Underwater Acoustics Submarine Signal Division	Anti-submarine warfare systems, submarine and airborne sonar, transducers, oceanographic instrumentation.	Portsmouth, R.I. New London, Conn.
Engineering Services Raytheon Service Company	Installation and maintenance of electronic systems and equipment, education and training programs.	Burlington, Mass.
International Markets		
Radar and VHF Communications A.C. Cossor Limited	Air traffic control radar, transponders, marine equipment, VHF radios, instruments, digital displays.	Harlow, Essex, England
Power Cables Sterling Cable Company	Electric power cables for military and industrial use.	Aldermaston, Berkshire, England
Radar and Microwave Communications Selenia S.p.A.	Radar systems, microwave communications and control systems, digital display systems.	Rome, Naples, Italy
Electronic Components Raytheon-Elsi S.p.A. Sorensen-Ard AG Sorensen-France Semiconductors Limited New Japan Radio Limited	Entertainment tubes, power tubes, power supplies, diodes, transistors, ferrites, integrated circuits.	Palermo, Italy Zurich, Switzerland Annemasse, France Bombay, India Tokyo, Japan
Natural Resources Seismograph Service Limited Compagnie Francaise de Prospection Sismique	Seismic exploration services to the petroleum industry.	Holwood, Kent, England Paris, France
Badger Limited Badger N.V. Canadian Badger Co., Ltd. Badger (France) S. a R.L. Badger Italiana S.p.A. Badger-Tomoe Co., Ltd.	Design, engineering, and construction of petroleum and chemical processing plants.	London, England The Hague, Holland Toronto, Ontario Paris, France Milan, Italy Tokyo, Japan

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